

PERRY COUNTY SCHOOL DISTRICT

FINANCIAL STATEMENTS AND REPORT OF AUDIT

For the Year Ended June 30, 2015

PERRY COUNTY SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

State Committee for School District Audits
Members of Perry County Board of Education
Hazard, Kentucky

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Perry County School District as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements prescribed by the State Committee for School District Audits in the Kentucky Public School District's Audit Contract and Requirements. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Perry County School District, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information and pension supplemental reporting on pages 4-9 and 46-48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Perry County School District's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2015, on our consideration of the Perry County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Perry County School District's internal control over financial reporting and compliance.

A handwritten signature in blue ink, appearing to read "Chris Gooch".

Chris Gooch
Certified Public Accountant

Hazard, Kentucky

November 4, 2015

PERRY COUNTY SCHOOL DISTRICT
HAZARD, KENTUCKY

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2015

As management of the Perry County School District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2015. This information should be considered in conjunction with the accompanying financial statements and disclosure following this section.

FINANCIAL HIGHLIGHTS

- The beginning cash balance, including temporary investment accounts and activity funds, for the District was \$7,417,580. The ending cash balance, including temporary investment accounts and activity funds, for the District was \$8,814,408. This includes the deficit balance in Fund 2, \$1,066,063. Total cash included restricted funds, \$4,788,910 held in the Building Fund and \$47,619 in the Construction Fund.
- The District adopted GASB 68 for year ended June 30, 2015 recognizing the District's net pension liability related to its participation in Kentucky Teacher's Retirement System and County Employee's Retirement System. The net pension liability reported at June 30, 2015 was \$124,410,487.
- Interest revenue totaled \$107,028 for the year ended and for the prior year the total interest revenue was \$141,884.
- The District's total long-term debt principal reductions were \$3,573,275 including refunding the September 2001 issue. The new refunding series 2014 total principal balance is \$1,420,000.
- Total general fund revenue was \$32,685,060 consisting primarily of state program (SEEK), property, utilities, and motor vehicle taxes. Excluding general fund transfers, there were \$32,087,861 in general fund expenditures. The general fund revenue and expenditures include \$6,750,402 in state on-behalf payments.

OVERVIEW OF FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

PERRY COUNTY SCHOOL DISTRICT
HAZARD, KENTUCKY

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

For the Year Ended June 30, 2015

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the district is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, operation and maintenance of plant, student transportation and operation of non-instructional services. Fixed assets and related debt is also supported by taxes and intergovernmental revenues.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. This is a state mandated uniform system and chart of accounts for all Kentucky public school districts utilizing the MUNIS administrative software. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental, proprietary and fiduciary funds. Fiduciary funds include activity funds. Proprietary funds include the school food service, daycare and preschool funds. All other activities are reported under governmental funds.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

PERRY COUNTY SCHOOL DISTRICT
HAZARD, KENTUCKY

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

For the Year Ended June 30, 2015

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. As of June 30, 2015, liabilities exceeded assets by \$100,539,378. This includes first year recognition of District pension unfunded liability in the amount of \$124,410,487.

The greatest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment and ongoing construction projects, where applicable), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Net position for the year ended June 30, 2015

Below is a comparison of net position:

	June 30,	
	<u>2015</u>	<u>2014</u>
Current assets	11,565,764	9,775,086
Noncurrent assets	54,284,800	55,505,456
Deferred outflows of resources	<u>3,820,889</u>	<u>51,060</u>
<u>Total assets and outflows of resources</u>	<u>69,671,453</u>	<u>65,331,602</u>
Current liabilities	4,553,000	4,273,431
Noncurrent liabilities	156,312,116	34,058,589
Deferred inflows of resources	<u>9,345,715</u>	<u>717</u>
<u>Total liabilities and inflows of resources</u>	<u>170,210,831</u>	<u>38,332,737</u>
- Net position -		
Investment in capital assets (net of debt)	20,161,147	19,269,920
Restricted	6,687,306	5,819,378
Unrestricted (deficit)	<u>(127,387,831)</u>	<u>1,909,567</u>
<u>Total net position</u>	<u>(100,539,378)</u>	<u>26,998,865</u>
<u>Total liabilities, deferred inflows of resources and net position</u>	<u>69,671,453</u>	<u>65,331,602</u>

PERRY COUNTY SCHOOL DISTRICT
HAZARD, KENTUCKY

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

For the Year Ended June 30, 2015

The following are significant current year transactions that impact the Statement of Net Position:

- Increase in current restricted Building Fund cash and cash equivalents, \$1,127,994.
- Non-current liability changes reflect payment on debt principal including refunding for September 2001 issue.
- Deferred outflows of resources, deferred inflows and non-current liabilities reflect significant increases due to recognition of District net pension liability. Total increases to long-term debt and deferred outflows were \$133,756,202. Total increases to deferred outflows of resources were \$3,769,829.

The following table presents a comparison of statement of activities for the fiscal years ended June 30, 2015 and 2014:

	For Year Ended June 30,	
	<u>2015</u>	<u>2014</u>
Revenues:		
Local revenue sources	10,586,929	10,480,825
State revenue sources	29,402,691	27,102,108
Federal revenue	<u>7,831,910</u>	<u>8,564,568</u>
<u>Total revenues</u>	<u>47,821,530</u>	<u>46,147,501</u>
Expenses:		
Instruction	26,713,954	25,143,620
Student support services	1,898,236	1,664,938
Instructional support	2,360,347	2,343,335
District administration	983,332	830,669
School administration	2,231,842	2,178,766
Business support	1,022,485	943,991
Plant operation	4,371,544	4,025,514
Student transportation	3,075,814	3,021,236
Food service operations	4,031,059	3,390,835
Community services	552,622	547,081
Day care operations	81,690	29,293
Interest on long-term debt	628,028	711,243
Other	<u>-</u>	<u>224,293</u>
<u>Total expenses</u>	<u>47,950,953</u>	<u>45,054,814</u>
<u>Revenues in excess of expenses</u>	<u>(129,423)</u>	<u>1,092,687</u>

PERRY COUNTY SCHOOL DISTRICT
HAZARD, KENTUCKY

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

For the Year Ended June 30, 2015

- Current year expense reflects depreciation in the amount of \$2,073,377 and state on-behalf payments in the amount of \$7,998,042. Prior year expense reflects depreciation in the amount of \$2,148,398 and state on-behalf payments in the amount of \$7,380,871.
- Local property tax comparisons at 2015 and 2014 are as follows: General property tax – \$3,658,774 and \$3,089,653; unmined minerals tax - \$1,002,944 and \$1,253,318; motor vehicle tax - \$871,767 and \$896,234 and utility tax revenue, \$1,626,505 and \$1,611,771.
- Local revenue sources for 2014 includes \$310,305 insurance proceeds for flood damages at various locations around the District and \$100,000 in proceeds for sale of real property.
- SEEK program fiscal year end General Fund revenue was \$17,195,166 for year ending June 30, 2015 and for 2014 was \$16,282,664.
- Federal awards funding decrease includes Title 1, \$365,787 and, Teacher Quality Grants, \$375,766.

BUDGET COMPARISONS

The following table presents a comparison of budget to actual for the general fund for the fiscal year ended June 30, 2015:

	Budget <u>2015</u>	Actual <u>2015</u>	Variance <u>I (D)</u>
Revenues:			
Local revenue sources	7,798,487	8,425,940	627,453
State revenue sources	23,493,746	24,077,397	583,651
Federal revenue sources	<u>25,000</u>	<u>181,723</u>	<u>156,723</u>
 <u>Total revenues</u>	 <u>31,317,233</u>	 <u>32,685,060</u>	 <u>1,367,827</u>
Expenses:			
Instruction	19,177,947	18,745,752	432,195
Student support services	1,762,353	1,752,739	9,614
Instructional support	759,974	961,986	(202,012)
District administration	886,988	923,779	(36,791)
School administration	2,187,879	2,156,430	31,449
Business support	948,510	961,960	(13,450)
Plant operation and management	3,651,357	3,771,505	(120,148)
Student transportation	2,374,613	2,577,158	(202,545)
Food service operations	600	132	468
Community services	3,512	5,956	(2,444)
Debt service	-	230,464	(230,464)
Contingencies	<u>2,219,207</u>	<u>-</u>	<u>2,219,207</u>
 <u>Total expenses</u>	 <u>33,972,940</u>	 <u>32,087,861</u>	 <u>1,885,079</u>
 <u>Excess (deficiency) of revenue over expenditures</u>	 <u>(2,655,707)</u>	 <u>597,199</u>	 <u>3,252,906</u>

PERRY COUNTY SCHOOL DISTRICT
HAZARD, KENTUCKY

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

For the Year Ended June 30, 2015

- Actual revenues and expenditures reflect General Fund state on behalf payments in the amount of \$6,750,402.
- Actual Medicaid reimbursement revenues, exceeded budgeted revenue in the amount of \$156,723.
- Unbudgeted debt service includes payments made related to KISTA bus purchases.

BUDGETARY IMPLICATIONS

In Kentucky the public school fiscal year is July 1-June 30; other programs, i.e. some federal operate on a different fiscal calendar, but are reflected in the district overall budget. By law the budget must have a minimum 2% contingency. The district adopted a budget with \$2,219,207 in contingency (6.52%) for the fiscal year ended June 30, 2015.

Results of the current fiscal year and recent historical trends for the District were taken into account when preparing the subsequent year budget. No significant changes in revenue or expense items are foreseeable. The District's tax rates and tax base remain effectively the same. The District has assessed and considered underlying economical and funding factors at the federal, state, and local level and other non-financial areas including demographics, local economy and risk of loss of student population that may have a significant impact on the financial statements when preparing subsequent years budgets.

Questions regarding this report should be directed to the Superintendent or the Finance Officer at (606) 439-5813.

PERRY COUNTY SCHOOL DISTRICTSTATEMENT OF NET POSITIONAt June 30, 2015

	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
Assets:			
- Current assets -			
Cash and cash equivalents - unrestricted	3,046,863	-	3,046,863
Cash and cash equivalents - restricted	4,836,529	1,594,805	6,431,334
Accounts receivable:			
Taxes - current	287,216	-	287,216
Taxes - delinquent	22,117	-	22,117
Other	201,328	-	201,328
Intergovernmental - state	101,341	-	101,341
Intergovernmental -indirect federal	1,319,208	108,730	1,427,938
Inventories	-	47,627	47,627
<u>Total current assets</u>	<u>9,814,602</u>	<u>1,751,162</u>	<u>11,565,764</u>
- Noncurrent assets -			
Capital assets - non-depreciable	5,927,185	-	5,927,185
Capital assets - depreciable (net)	48,057,315	140,609	48,197,924
Unamortized discounts on bonds payable	159,691	-	159,691
<u>Total noncurrent assets</u>	<u>54,144,191</u>	<u>140,609</u>	<u>54,284,800</u>
Deferred Outflows of Resources			
Deferred outflows - pension resources	3,820,889	-	3,820,889
<u>Total assets and deferred outflows of resources</u>	<u>67,779,682</u>	<u>1,891,771</u>	<u>69,671,453</u>

See notes to financial statements.

PERRY COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION (Continued)

At June 30, 2015

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Liabilities:			
- Current liabilities -			
Cash deficit	1,066,063	-	1,066,063
Accounts payable	297,474	83,691	381,165
Unearned revenues - governmental sources	352,061	-	352,061
Current portion of bond/lease obligations	2,130,401	-	2,130,401
Current portion of KSBIT obligation	28,036	-	28,036
Interest payable	595,274	-	595,274
<u>Total current liabilities</u>	<u>4,469,309</u>	<u>83,691</u>	<u>4,553,000</u>
- Noncurrent liabilities -			
Long term portion of accrued sick leave payable	519,862	-	519,862
Long term portion of KSBIT obligation	140,183	-	140,183
Unamortized premium on bonds payable	3,297	-	3,297
Noncurrent portion of bond/lease obligations	31,238,287	-	31,238,287
Net pension liability	124,410,487	-	124,410,487
<u>Total noncurrent liabilities</u>	<u>156,312,116</u>	<u>-</u>	<u>156,312,116</u>
<u>Total liabilities</u>	<u>160,781,425</u>	<u>83,691</u>	<u>160,865,116</u>
Deferred Inflows of Resources:			
Deferred inflows of resources - pension related	9,345,715	-	9,345,715
<u>Total deferred inflows of resources</u>	<u>9,345,715</u>	<u>-</u>	<u>9,345,715</u>
Net position:			
Net investment in capital assets	20,020,538	140,609	20,161,147
Restricted for:			
Sick Leave	162,617	-	162,617
Other	4,857,218	1,667,471	6,524,689
Unrestricted (deficit):			
Pension resources	(129,935,313)	-	(129,935,313)
Unrestricted	2,547,482	-	2,547,482
<u>Total net position</u>	<u>(102,347,458)</u>	<u>1,808,080</u>	<u>(100,539,378)</u>
Total liabilities, deferred inflows of <u>resources and net position</u>	<u>67,779,682</u>	<u>1,891,771</u>	<u>69,671,453</u>

See notes to financial statements.

PERRY COUNTY SCHOOL DISTRICTSTATEMENT OF ACTIVITIESFor the Year Ended June 30, 2015

		Program Revenues		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions
	<u>Expenses</u>			
FUNCTIONS/PROGRAMS:				
- Governmental Activities -				
Instruction	26,713,954	-	(10,402,408)	-
Support services:				
Student	1,898,236	-	(548,166)	-
Instructional staff	2,360,347	-	(1,353,237)	-
District administration	983,332	-	(82,785)	-
School administration	2,231,842	-	(488,251)	-
Business support	1,022,485	-	(77,210)	-
Plant operation & management	4,371,544	-	(50,948)	-
Student transportation	3,075,814	-	(159,100)	-
Food service operations	27,577	-	(32,394)	-
Community services operations	552,622	-	(543,268)	-
Interest on long-term debt	628,028	-	-	-
<u>Total governmental activities</u>	<u>43,865,781</u>	<u>-</u>	<u>(13,737,767)</u>	<u>-</u>
- Business-type Activities -				
Food service	4,003,482	(350,026)	(3,694,823)	-
Day care	81,690	(79,986)	-	-
<u>Total business-type activities</u>	<u>4,085,172</u>	<u>(430,012)</u>	<u>(3,694,823)</u>	<u>-</u>
<u>Total primary government</u>	<u>47,950,953</u>	<u>(430,012)</u>	<u>(17,432,590)</u>	<u>-</u>

See notes to financial statements.

PERRY COUNTY SCHOOL DISTRICTSTATEMENT OF ACTIVITIES (continued)For the Year Ended June 30, 2015

	<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Governmental</u>	<u>Business-</u>	
	<u>Activities</u>	<u>Type</u>	<u>Total</u>
		<u>Activities</u>	
	(16,311,546)	-	(16,311,546)
	(1,350,070)	-	(1,350,070)
	(1,007,110)	-	(1,007,110)
	(900,547)	-	(900,547)
	(1,743,591)	-	(1,743,591)
	(945,275)	-	(945,275)
	(4,320,596)	-	(4,320,596)
	(2,916,714)	-	(2,916,714)
	4,817	-	4,817
	(9,354)	-	(9,354)
	<u>(628,028)</u>	<u>-</u>	<u>(628,028)</u>
	<u>(30,128,014)</u>	<u>-</u>	<u>(30,128,014)</u>
	-	41,367	41,367
	<u>-</u>	<u>(1,704)</u>	<u>(1,704)</u>
	<u>-</u>	<u>39,663</u>	<u>39,663</u>
	<u>(30,128,014)</u>	<u>39,663</u>	<u>(30,088,351)</u>
General revenues:			
Taxes	9,794,793	-	9,794,793
Investment earnings	90,466	16,562	107,028
State and formula grants	19,802,011	-	19,802,011
Miscellaneous	<u>274,404</u>	<u>(19,308)</u>	<u>255,096</u>
<u>Total general revenues</u>	<u>29,961,674</u>	<u>(2,746)</u>	<u>29,958,928</u>
Change in net position	(166,340)	36,917	(129,423)
Net position - beginning of year (restated)	<u>(102,181,118)</u>	<u>1,771,163</u>	<u>(100,409,955)</u>
Net position - end of year	<u><u>(102,347,458)</u></u>	<u><u>1,808,080</u></u>	<u><u>(100,539,378)</u></u>

See notes to financial statements.

PERRY COUNTY SCHOOL DISTRICTBALANCE SHEET – GOVERNMENTAL FUNDSAt June 30, 2015

	<u>General Fund</u>	<u>Special Revenue</u>	<u>FSPK Fund</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Cash and investments	3,046,863	-	-	-	3,046,863
Cash and cash equivalents - restricted	-	-	4,788,910	47,619	4,836,529
Accounts receivable:					
Taxes - current	287,216	-	-	-	287,216
Taxes - delinquent	22,117	-	-	-	22,117
Other	142,160	59,168	-	-	201,328
Intergovernmental - state	18,566	82,775	-	-	101,341
Intergovernmental - federal	<u>4,601</u>	<u>1,314,607</u>	<u>-</u>	<u>-</u>	<u>1,319,208</u>
<u>Total assets</u>	<u>3,521,523</u>	<u>1,456,550</u>	<u>4,788,910</u>	<u>47,619</u>	<u>9,814,602</u>
Liabilities:					
Cash deficit	-	1,066,063	-	-	1,066,063
Accounts payable	230,382	38,426	-	28,666	297,474
Unearned revenues - governmental sources	<u>-</u>	<u>352,061</u>	<u>-</u>	<u>-</u>	<u>352,061</u>
<u>Total liabilities</u>	<u>230,382</u>	<u>1,456,550</u>	<u>-</u>	<u>28,666</u>	<u>1,715,598</u>
Fund balances					
Restricted for SFCC Escrow - prior	-	-	2,977,107	-	2,977,107
Restricted for SFCC Escrow - current	-	-	1,811,803	-	1,811,803
Restricted for future construction	-	-	-	18,953	18,953
Restricted for sick leave	162,617	-	-	-	162,617
Assigned - purchase obligations	49,355	-	-	-	49,355
Unassigned fund balance	<u>3,079,169</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,079,169</u>
<u>Total fund balances</u>	<u>3,291,141</u>	<u>-</u>	<u>4,788,910</u>	<u>18,953</u>	<u>8,099,004</u>
<u>Total liabilities and fund balances</u>	<u>3,521,523</u>	<u>1,456,550</u>	<u>4,788,910</u>	<u>47,619</u>	<u>9,814,602</u>

See notes to financial statements.

PERRY COUNTY SCHOOL DISTRICTRECONCILIATION OF THE BALANCE SHEET –
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITIONAt June 30, 2015

Total fund balance per fund financial statements	8,099,004
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets are not reported in this fund financial statement because they are not current financial resources, but are reported in the statement of net position.	53,984,500
Deferred outflows on refunded debt and pension resources are reported in government wide financial statements but not in fund financial statements.	3,980,580
Long-term sick leave payable is not recognized in the fund financial statements.	(519,862)
Certain liabilities (such as bonds payable and KSBIT payable are not reported in this fund financial statement because they are not due and payable, and related interest, but are presented in the statement of net position.	(34,135,478)
Net pension obligations are not due and payable in the current period, and therefore, are not reported in the fund financial statements.	(124,410,487)
Deferred inflows of resources related to pensions are not reported in the fund financial statements.	<u>(9,345,715)</u>
Net position for governmental activities	<u><u>(102,347,458)</u></u>

See notes to financial statements.

PERRY COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS

For the Year Ended June 30, 2015

	<u>General Fund</u>	<u>Special Revenue</u>	<u>FSPK Fund</u>	<u>Other Gov't Funds</u>	<u>Total Gov't Funds</u>
Revenues:					
From local sources:					
Taxes	8,286,991	-	1,507,802	-	9,794,793
Earnings on investments	90,466	-	-	-	90,466
Other local revenue	48,483	186,764	-	-	235,247
Intergovernmental - state	24,077,397	2,364,624	1,181,796	1,401,180	29,024,997
Intergovernmental - direct federal	-	101,928	-	-	101,928
Intergovernmental - indirect federal	181,723	4,231,130	-	-	4,412,853
<u>Total revenues</u>	<u>32,685,060</u>	<u>6,884,446</u>	<u>2,689,598</u>	<u>1,401,180</u>	<u>43,660,284</u>
Expenditures:					
Instructional	18,745,752	4,969,383	-	-	23,715,135
Student support services	1,752,739	33,665	-	-	1,786,404
Staff support services	961,986	1,259,304	-	-	2,221,290
District administration	923,779	1,621	-	-	925,400
School administration	2,156,430	-	-	-	2,156,430
Business support	961,960	286	-	-	962,246
Plant operations and maintenance	3,771,505	34,868	-	235,640	4,042,013
Student transportation	2,577,158	146,684	-	-	2,723,842
Food service operations	132	27,445	-	-	27,577
Community service activities	5,956	514,109	-	-	520,065
Facilities acquisition and construction	-	-	-	529,494	529,494
Debt service:					
Principal	204,240	-	-	1,953,275	2,157,515
Interest	26,224	-	-	650,417	676,641
<u>Total expenditures</u>	<u>32,087,861</u>	<u>6,987,365</u>	<u>-</u>	<u>3,368,826</u>	<u>42,444,052</u>
Excess (deficit) of revenues over expenditures	<u>597,199</u>	<u>(102,919)</u>	<u>2,689,598</u>	<u>(1,967,646)</u>	<u>1,216,232</u>
Other financing sources (uses):					
Operating transfers in	29,092	90,594	-	1,685,056	1,804,742
Operating transfers out	(99,638)	(740)	(1,561,604)	(123,452)	(1,785,434)
Gains (losses) on assets	6,784	13,065	-	-	19,849
<u>Total other financing sources (uses)</u>	<u>(63,762)</u>	<u>102,919</u>	<u>(1,561,604)</u>	<u>1,561,604</u>	<u>39,157</u>
Excess (deficit) of revenue and other financing sources over expenditures/other financing uses	533,437	-	1,127,994	(406,042)	1,255,389
Fund balance - July 1, 2014	<u>2,757,704</u>	<u>-</u>	<u>3,660,916</u>	<u>424,995</u>	<u>6,843,615</u>
Fund balance - June 30, 2015	<u>3,291,141</u>	<u>-</u>	<u>4,788,910</u>	<u>18,953</u>	<u>8,099,004</u>

See notes to financial statements.

PERRY COUNTY SCHOOL DISTRICTRECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIESFor the Year Ended June 30, 2015

Net change in total fund balances per fund financial statements	1,255,389
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Amounts reported for governmental activities in the statement of activities differences:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense.

Capital outlays reported in fund financial statements	899,120
Depreciation recorded in government wide financial statements	(2,073,377)

Interest expense on long-term debt is recognized in the fund financial statements when paid and accrued in the government wide financial statements of activities.	59,702
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Accrued sick leave is recognized when incurred in the fund financial statements.	16,819
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Amortization expense on refunded debt is not recognized in the fund financial statements.	(11,089)
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Bond principal payments are recognized as expenditures of current financial resources in the fund financial statements but are reductions of liabilities in the statement of net position.	2,213,589
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Governmental funds report district pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

District pension contributions	3,820,889
Cost of benefits earned net of employee contributions	<u>(6,347,382)</u>

Change in net position of governmental activities	<u><u>(166,340)</u></u>
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See notes to financial statements.

PERRY COUNTY SCHOOL DISTRICTSTATEMENT OF NET POSITION – PROPRIETARY FUNDSAt June 30, 2015

	Food Service <u>Fund</u>	Day Care <u>Fund</u>	<u>Total</u>
Assets:			
- Current Assets -			
Cash and cash equivalents - restricted	1,589,127	5,678	1,594,805
Accounts receivable	108,730	-	108,730
Inventories	<u>47,627</u>	<u>-</u>	<u>47,627</u>
<u>Total current assets</u>	<u>1,745,484</u>	<u>5,678</u>	<u>1,751,162</u>
- Noncurrent Assets -			
Depreciable capital assets - net	<u>140,609</u>	<u>-</u>	<u>140,609</u>
<u>Total assets</u>	<u><u>1,886,093</u></u>	<u><u>5,678</u></u>	<u><u>1,891,771</u></u>
Liabilities:			
- Current Liabilities -			
Accounts payable	<u>82,203</u>	<u>1,488</u>	<u>83,691</u>
<u>Total current liabilities</u>	<u>82,203</u>	<u>1,488</u>	<u>83,691</u>
Net position:			
Net investment in capital assets	140,609	-	140,609
Restricted	<u>1,663,281</u>	<u>4,190</u>	<u>1,667,471</u>
<u>Total net position</u>	<u>1,803,890</u>	<u>4,190</u>	<u>1,808,080</u>
<u>Total liabilities and net position</u>	<u><u>1,886,093</u></u>	<u><u>5,678</u></u>	<u><u>1,891,771</u></u>

See notes to financial statements.

PERRY COUNTY SCHOOL DISTRICTSTATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION –
PROPRIETARY FUNDSFor the Year Ended June 30, 2015

	Food service <u>Fund</u>	Day Care <u>Fund</u>	<u>Total</u>
Operating revenues:			
Revenues from local sources	350,026	-	350,026
Federal grants	3,317,129	-	3,317,129
State grants/on-behalf payments	231,534	-	231,534
Donated commodities	146,160	-	146,160
Tuition from individuals	-	79,986	79,986
<u>Total operating revenues</u>	<u>4,044,849</u>	<u>79,986</u>	<u>4,124,835</u>
Operating expense:			
Salaries and wages	1,369,243	69,133	1,438,376
Contract services	361,802	4,825	366,627
Materials and supplies	1,921,738	5,844	1,927,582
Depreciation	33,344	-	33,344
Other operating expenses	317,355	1,888	319,243
<u>Total operating expenses</u>	<u>4,003,482</u>	<u>81,690</u>	<u>4,085,172</u>
<u>Operating income (loss)</u>	<u>41,367</u>	<u>(1,704)</u>	<u>39,663</u>
Nonoperating Revenue/(Expense):			
Interest income	16,562	-	16,562
Transfers in (out)	(19,308)	-	(19,308)
<u>Total nonoperating revenue/(expense)</u>	<u>(2,746)</u>	<u>-</u>	<u>(2,746)</u>
<u>Change in net position</u>	<u>38,621</u>	<u>(1,704)</u>	<u>36,917</u>
Net Position, July 1, 2014	<u>1,765,269</u>	<u>5,894</u>	<u>1,771,163</u>
Net Position, June 30, 2015	<u>1,803,890</u>	<u>4,190</u>	<u>1,808,080</u>

See notes to financial statements.

PERRY COUNTY SCHOOL DISTRICTSTATEMENT OF CASH FLOWS – PROPRIETARY FUNDSFor the Year Ended June 30, 2015

	<u>Food Service Fund</u>	<u>Day Care Fund</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from:			
Lunchroom sales	350,026	-	350,026
Federal and State grants	3,402,975	-	3,402,975
Tuition from individuals	-	79,986	79,986
Cash paid to/for:			
Employees	(1,163,692)	(69,133)	(1,232,825)
Supplies/Contractual	(2,075,508)	(10,044)	(2,085,552)
Other activities	<u>(319,725)</u>	<u>(1,888)</u>	<u>(321,613)</u>
<u>Net cash provided (used) by operating activities</u>	<u>194,076</u>	<u>(1,079)</u>	<u>192,997</u>
Cash flows from capital and related financing activities:			
Change in capital assets (net)	<u>1,966</u>	<u>-</u>	<u>1,966</u>
Cash flows from investing activities:			
Interest income	<u>16,562</u>	<u>-</u>	<u>16,562</u>
Cash flows from financing activities:			
Transfers from (to) other funds	<u>(19,308)</u>	<u>-</u>	<u>(19,308)</u>
Net increase (decrease) in cash	193,296	(1,079)	192,217
Cash, beginning of year	<u>1,395,832</u>	<u>6,757</u>	<u>1,402,589</u>
Cash, end of year	<u>1,589,128</u>	<u>5,678</u>	<u>1,594,806</u>
Reconciliation of operating income (loss) to net cash provided (used) by operations:			
Operating income (loss)	41,367	(1,704)	39,663
Adjustments to reconcile operating income to cash provided (used) by operating activities:			
Depreciation	33,344	-	33,344
Changes in current assets/liabilities			
Accounts receivable	59,864	-	59,864
Inventory	14,762	-	14,762
Accounts payable	<u>44,739</u>	<u>625</u>	<u>45,364</u>
<u>Net cash provided (used) by operating activities</u>	<u>194,076</u>	<u>(1,079)</u>	<u>192,997</u>

The schedule reflects reconciliation for \$205,552 of non-cash on-behalf payments from the State related to personnel costs and \$146,160 related to donated commodities.

See notes to financial statements.

PERRY COUNTY SCHOOL DISTRICTSTATEMENT OF FIDUCIARY NET POSITION – ACTIVITY FUNDSAt June 30, 2015**Assets:**

Cash and cash equivalents	<u>402,274</u>
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<u>Total assets</u>	<u>402,274</u>
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Liabilities:

Accounts payable	5,618
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Due to individual student activity account funds	<u>396,656</u>
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<u>Total liabilities</u>	<u>402,274</u>
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Net Postion:

Restricted - student activities	<u>-</u>
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<u>Total liabilities and net position</u>	<u>402,274</u>
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See notes to financial statements.

PERRY COUNTY SCHOOL DISTRICTNOTES TO BASIC FINANCIAL STATEMENTSJune 30, 2015NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Perry County Board of Education (Board), a five member group, is the level of government which has oversight responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of Perry County School District (District). The Board receives funding from local, state and federal government sources and must comply with the commitment requirements of these funding sources entities. However, the Board is not included in any other governmental “reporting entity” as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards as Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to develop policies which may influence, operations and primary accountability for fiscal matters.

The Board, for financial purposes, includes all of the funds and account groups relevant to the operation of the Perry County Board of Education. The financial statements presented herein do not include funds of groups and organizations, which although associated with the school system, have not originated within the Board itself such as Band Boosters, Parent-Teacher Associations, etc.

The financial statements of the Board include those of separately administered organizations that are controlled by or dependent on the Board. Control or dependence is determined on the basis of budget adoption, funding and appointment or the respective governing board.

Based on the foregoing criteria, the financial statements of the following organization are included in the accompanying financial statements:

Perry County School District Finance Corporation – On July 12, 1988, the Perry County, Kentucky, Board of Education resolved to authorize the establishment of the Perry County School District Finance Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS Section 58.180) as an agency of the Board for financing the costs of school building facilities. The Board Members of the Perry County Board of Education also comprise the Corporations’ Board of Directors.

Government-wide Financial Statements – The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

PERRY COUNTY SCHOOL DISTRICTNOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)June 30, 2015NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)Basis of Presentation

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements – Fund financial statements report detailed information about the District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the changes in net total position. Proprietary funds and fiduciary funds are reported using the economic resources measurement focus. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

PERRY COUNTY SCHOOL DISTRICTNOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)June 30, 2015NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)Basis of Presentation (continued)

The District has the following funds:

I. Governmental Fund Types

- (A) The General Fund is the primary operating fund of the District. It accounts for financial resources used for general types of operations. This is a budgeted fund, and any fund balances are considered as resources available for use. This is a major fund of the District.
- (B) The Special Revenue Grant Funds account for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally-funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report. This is a major fund of the District.
- (C) The District Wide Activity Multi Year fund, a special revenue fund, accounts for student activities on a district wide basis primarily for instruction and instructional staff support service purposes.
- (D) Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment (other than those financed by Proprietary Funds).
 - 1. The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives those funds designated by the state as Capital Outlay Funds and is restricted for use in financing projects identified in the District's facility plan.
 - 2. The Facility Support Program of Kentucky Fund accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the District's facility plan. This is a major fund of the District.
 - 3. The Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction. This is a major fund of the District.

PERRY COUNTY SCHOOL DISTRICTNOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)June 30, 2015NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)Basis of Presentation (continued)

- (E) The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest and related cost; and, for the payment of interest on general obligation notes payable, as required by Kentucky Law.

II. Proprietary Funds (Enterprise Funds)

The School Food Service Fund is used to account for school food service activities, including the National School Lunch Program, which is conducted in cooperation with the U.S. Department of Agriculture (USDA). Amounts have been recognized for in-kind contribution of commodities from the USDA. The School Food Service Fund is a major fund.

The Childcare Fund accounts for revenues and expenditures related to daycare services and preschool activities.

III. Fiduciary Fund Types (includes agency and trust funds)

The Activity Fund accounts for activities of student groups and other types of activities requiring clearing accounts. These funds are accounted for in accordance with Accounting Procedures for Kentucky School Activity Funds.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

Revenues – Exchange and Non-exchange Transactions – Revenues resulting from exchange transactions, in which each party receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of the fiscal year-end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resource are required to be used or the fiscal year when use is first permitted, matching requirements,

PERRY COUNTY SCHOOL DISTRICTNOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)June 30, 2015NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)Basis of Accounting (continued)

in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenues from nonexchange transactions must also be available before it can be recognized.

Deferred Inflows of Resources and Deferred Outflows of Resources – A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. On governmental fund financial statements, receivables that will not be collected within the available period have been reported as deferred inflows of resources. On the accrual basis of accounting, unamortized deferred charges on debt refunding is reported as a deferred outflow of resources.

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the statement of revenues, expenses, and change in net assets as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred inflows.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation, are not recognized in governmental funds.

Property Taxes

Property Tax Revenues – Property taxes are levied each September on the assessed value listed as of the prior January 1, for all real and personal property in the county. The billings are considered due upon receipt by the taxpayer; however, the actual date is based on a period ending 30 days after the tax bill mailing. Property taxes collected are recorded as revenues in the fiscal year for which they were levied. All taxes collected are initially deposited into the General Fund and then transferred to the appropriate fund.

The property tax rates assessed for the year ended June 30, 2015, to finance the General Fund operations were \$.539 per \$100 valuation for real property, \$.539 per \$100 valuation for business personal property and \$.497 per \$100 valuation for motor vehicles.

The District levies a utility gross receipts license tax in the amount of 3% of the gross receipts derived from the furnishings, within the county, of telephonic and telegraphic communications services, cablevision services, electric power, water, and natural, artificial and mixed gas.

PERRY COUNTY SCHOOL DISTRICTNOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)June 30, 2015NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of five thousand dollars for tangible property with the exception of all computers and laptop equipment; printers and digital cameras greater than \$300; any additional items designated and, real property for which there is no threshold. The District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are not.

All reported capital assets are depreciated, except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives for both general capital assets and proprietary fund assets:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Buildings and improvements	25-50 years
Land improvements	20 years
Technology equipment	5 years
Vehicles	5-10 years
Audio-visual equipment	15 years
Food service equipment	10-12 years
Furniture and fixtures	7 years

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables”. These amounts are eliminated in the governmental and business-type activities columns of the statements of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

PERRY COUNTY SCHOOL DISTRICTNOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)June 30, 2015NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)Accumulated Unpaid Sick Leave Benefits

Upon retirement from the school system, an employee will receive from the District an amount equal to 30% of the value of accumulated sick leave.

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the School District's past experience of making termination payments.

Compensated absence liabilities are recorded based on balances for classified and certified employees with twenty-seven or more years of experience at June 30, 2015.

The District has restricted \$162,617 of its fund balance for future sick leave payments.

Budgetary Process

Budgetary Basis of Accounting: The District's budgetary process accounts for certain transactions on a basis other than Generally Accepted Accounting Principles (GAAP). The major differences between the budgetary basis and the GAAP basis are:

Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

Cash and Cash Equivalents

The District considers demand deposits, money market funds, and other investments with original maturity of 90 days or less, to be cash equivalents.

Cash and other assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the assets. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Restricted assets represent amounts required by State statute to be set aside for acquisition and construction of capital improvements.

Inventories

Supplies and materials are charged to expenditures when purchased.

PERRY COUNTY SCHOOL DISTRICTNOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)June 30, 2015NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, the noncurrent portion of capital leases, accumulated sick leave, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Net Position

GASB 63 has changed the presentation of the District's financial statements to incorporate the concepts of net position, deferred outflows of resources and deferred inflows of resources. Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component "investment in capital assets, " consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations on its use either through the enabling legislation adopted by the District or through external restrictions imposed by the creditors, grantors or laws or regulations of other governments.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, those revenues are primarily charges for meals provided by the various schools.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers.

PERRY COUNTY SCHOOL DISTRICTNOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)June 30, 2015NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)Interfund Activity (continued)

Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Recently Issued Accounting Pronouncements

GASB Statement 65, implemented during the 2013-14 reporting year, establishes accounting and financial reporting standards that reclassify certain assets and liabilities as deferred outflows of resources or deferred inflows of resources, provides changes in the determination of the major fund calculations and limiting the use of “deferred” in financial statement presentations.

GASB Statement No. 66, *Technical Corrections—2012; an Amendment of GASB Statements No. 10 and No. 62*, effective for periods beginning after December 15, 2012, resolves conflicting accounting and reporting guidance that could diminish consistent financial reporting and enhance the usefulness of financial reports. The District implemented the new requirements for fiscal year 2013-2014 financial statements.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement 27* improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement is effective for fiscal years beginning after June 15, 2014.

NOTE B – ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the District’s management to make estimates and assumptions that affect reported amounts of assets, liabilities, fund balances, and disclosure of contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE C – CASH AND CASH EQUIVALENTS

At year-end, the bank balance of the District’s cash and cash equivalents was \$13,397,541. Cash equivalents are funds temporarily invested in securities with a maturity of 90 days or less.

The funds of the District are deposited and invested under the terms of a contract, contents of which are set out in the bond of depositors for public school funds. The depository bank places approved pledged securities for safekeeping and trust with the District’s agent bank in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank’s dollar amount of Federal Deposit Insurance Corporation (“FDIC”) insurance.

PERRY COUNTY SCHOOL DISTRICTNOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)June 30, 2015NOTE C – CASH AND CASH EQUIVALENTS (continued)

Custodial credit risk is the risk that in event of bank failure the deposits may not be returned or that the District may not recover collateral securities. The District requires deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance (FDIC). All of the District's deposits were collateralized with securities held in the financial institution's names. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The District does not retain any long-term investments. Concentrations of credit risk are the risk of loss attributed to the magnitude of the District's investments in a single issuer. All of the organization's cash is held at a local financial institution. Foreign currency risk is the risk of changes in exchange rates affecting foreign investments. The District does not hold any foreign investments.

Cash and cash equivalents at June 30, 2015 consisted of the following:

	<u>Bank Balance</u>	<u>Book Balance</u>
Peoples Bank & Trust		
General operations	9,976,477	5,412,134
A.B. Combs Elementary	39,863	39,565
Buckhorn School	40,941	39,077
Chavies Elementary	27,195	26,648
East Perry Elementary	77,093	76,933
Leatherwood Elementary	14,746	13,204
Perry County Central High School	96,401	93,922
Robinson Elementary	26,316	26,263
R.W. Combs Elementary	51,277	50,236
Viper Elementary	32,096	28,345
Willard Elementary	9,930	8,081
Bond and Interest Accounts	<u>5,206</u>	<u>-</u>
<u>Total</u>	<u>10,397,541</u>	<u>5,814,408</u>
US Bank		
General operations	<u>3,000,000</u>	<u>3,000,000</u>

PERRY COUNTY SCHOOL DISTRICTNOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)June 30, 2015NOTE D – LEASE OBLIGATIONS AND BONDED DEBT

The original amount of each issue, the issue date and interest rates are summarized as follows:

<u>Issue Date</u>	<u>Proceeds</u>	<u>Rates</u>
Revenue Bonds July 2006	3,015,000	3.70% - 4.375%
KISTA 2009	890,356	2.00% - 3.80%
Refunding February 2010	1,870,000	1.00% - 3.00%
Revenue January 2011	1,935,000	1.50% - 4.75%
Revenue 2nd Series December 2011	6,745,000	2.00% - 3.25%
QSCB Construction Bonds December 2011	13,300,000	5.00% - 5.00%
Refunding Revenue June 2012	3,360,000	1.10% - 2.25%
KISTA 2013	355,834	2.00% - 2.00%
Revenue Series September 2012	6,635,000	2.00% - 3.00%
Refunding Revenue July 2014	1,420,000	1.00% - 2.00%

The District, through the General Fund (including utility taxes and the Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund) is obligated to make payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Perry County Fiscal Court and the School District Finance Corporation to construct school facilities. The District has an option to purchase the property under lease at any time by retiring the bonds then outstanding.

The proceeds from certain refunding issues have been placed in escrow accounts to be used to service the related debt and are considered defeased by the District.

The Perry County School District Finance Corporation issued Series 2014 school building refunding revenue bonds dated July 1, 2014 to refund the District's September 2001 bond issue. The par amount of the bonds were \$1,420,000. The refunding resulted in \$110,525 savings to the District. Total bond issue costs were \$23,720. The refunding will be recognized in the 2014-15 financial statements.

Perry County School District Finance Corporation issued Qualified School Construction Bonds, taxable series dated December 1, 2011 having a par amount of \$13,300,000. Of this amount, \$13,137,337 of the proceeds were deposited directly to the construction fund for assistance in new building facilities for an elementary school. Total bond issue costs were \$54,660. The bond was issued at a discount of \$118,503.

PERRY COUNTY SCHOOL DISTRICTNOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)June 30, 2015NOTE D – LEASE OBLIGATIONS AND BONDED DEBT (continued)

<u>Fiscal Year End</u>	<u>QSCB Series 2011 Escrow Payment</u>		<u>Expected Escrow Earnings</u>	<u>QSCB Series 2011 Interest</u>	
	<u>Board</u>	<u>KSFCC</u>		<u>Total</u>	<u>Tax Credit</u>
2013	378,800	174,406	6,987	665,000	(665,000)
2014	371,065	182,141	21,227	665,000	(665,000)
2015	367,943	185,263	35,829	665,000	(665,000)
2016	368,343	184,863	50,802	665,000	(665,000)
2017	369,020	184,186	66,155	665,000	(665,000)
2018	373,136	180,070	81,899	665,000	(665,000)
2019	370,799	182,407	98,043	665,000	(665,000)
2020	378,801	174,405	114,598	665,000	(665,000)
2021	378,800	174,406	131,573	665,000	(665,000)
2022	378,800	174,406	148,980	665,000	(665,000)
2023	378,800	174,406	166,829	665,000	(665,000)
2024	378,801	174,405	185,132	665,000	(665,000)
2025	378,800	174,406	203,900	665,000	(665,000)
2026	378,800	174,406	223,145	665,000	(665,000)
2027	378,800	174,406	242,880	665,000	(665,000)
2028	378,800	174,405	263,116	665,000	(665,000)
2029	378,801	174,405	283,866	665,000	(665,000)
2030	366,213	186,993	305,144	665,000	(665,000)
2031	378,800	174,406	158,982	332,500	(332,500)
subtotal	7,132,122	3,378,791	2,789,087	12,302,500	(12,302,500)
realized	(1,117,808)	(541,810)	(64,043)	(1,995,000)	1,995,000
future	<u>6,014,314</u>	<u>2,836,981</u>	<u>2,725,044</u>	<u>10,307,500</u>	<u>(10,307,500)</u>
Principal payment due 12/1/2030			<u>13,300,000</u>		

\$332,500 semi-annual interest payments are due every June and December through December 1, 2030. A federal tax credit for the same amount has been granted for each bondholder resulting in a subsidy/federal on-behalf payment for the School District. The action is a result of creation of qualified school construction bonds under the American Recovery and Reinvestment Act. The Act allows deferral of principal payments for up to 17 years and the creation of an escrow account as noted above. The bonds provide federal tax credits for bondholders in lieu of interest in order to significantly reduce the issuer's cost of borrowing. The A-133 Compliance Supplement acknowledges Qualified School Construction Bonds passed through the U.S. Department of Education are not covered by the single audit requirement and are not required to be included in the Schedule of Expenditures of Federal Awards.

PERRY COUNTY SCHOOL DISTRICTNOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)June 30, 2015NOTE D – LEASE OBLIGATIONS AND BONDED DEBT (continued)

Debt issue costs are recognized as expenditures when incurred in governmental funds, government-wide and proprietary fund type financial statements.

In 1988, the District entered into “participation agreements” with the School Facility Construction Commission. The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs. The following table below sets forth the amount to be paid by the District and the Commission for each year until maturity of all bond issues.

The bonds may be called prior to maturity and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the District, including amounts to be paid by the Commission, at June 30, 2015, for debt service (principal and interest excluding the QSCB Escrow payments) are as follows:

<u>Year</u>	<u>Principal</u>		<u>Interest</u>		<u>Total</u>
	<u>Board</u>	<u>KSFCC</u>	<u>Board</u>	<u>KSFCC</u>	
2015 - 16	916,330	625,036	375,486	219,788	2,136,640
2016 - 17	919,724	639,774	358,984	205,016	2,123,498
2017 - 18	945,300	659,831	341,284	189,074	2,135,489
2018 - 19	962,522	620,994	319,800	172,319	2,075,635
2019 - 20	879,077	467,529	296,369	158,308	1,801,283
2021 - 25	3,569,170	2,432,064	1,168,962	597,885	7,768,081
2026 - 30	3,360,754	1,909,246	641,490	250,083	6,161,573
2031 - 33	<u>2,215,222</u>	<u>669,778</u>	<u>104,540</u>	<u>20,947</u>	<u>3,010,487</u>
<u>Totals</u>	<u>13,768,099</u>	<u>8,024,252</u>	<u>3,606,915</u>	<u>1,813,420</u>	<u>27,212,686</u>

Following are changes in long-term debt including the QSCB escrow payments:

	<u>Balance</u>			<u>Balance</u>	<u>Current</u>
	<u>July 1, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2015</u>	<u>Principal</u>
September 2001	1,370,000	-	(1,370,000)	-	-
KISTA Series January 2005	74,569	-	(74,569)	-	-
Revenue July 2006	2,375,000	-	(145,000)	2,230,000	145,000
KISTA Series 2009	480,192	-	(90,036)	390,156	92,537
Refunding February 2010	980,000	-	(195,000)	785,000	200,000
Revenue January 2011	1,830,000	-	(75,000)	1,755,000	80,000
Rev.2nd Series December 2011	6,215,000	-	(270,000)	5,945,000	275,000
QSCB Bonds December 2011	12,165,374	-	(589,035)	11,576,339	589,035
Refunding Revenue June 2012	3,250,000	-	(300,000)	2,950,000	310,000
KISTA Series 2013	316,828	-	(39,635)	277,193	33,829
Revenue Series September 2012	6,465,000	-	(175,000)	6,290,000	175,000
Revenue Series 2014	-	<u>1,420,000</u>	<u>(250,000)</u>	<u>1,170,000</u>	<u>230,000</u>
<u>Total</u>	<u>35,521,963</u>	<u>1,420,000</u>	<u>(3,573,275)</u>	<u>33,368,688</u>	<u>2,130,401</u>

PERRY COUNTY SCHOOL DISTRICTNOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)June 30, 2015NOTE E – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2015 was as follows:

	Balance <u>July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2015</u>
<u>Governmental Activities</u>				
NON-DEPRECIABLE				
Land	5,509,021	-	-	5,509,021
Construction in progress	-	418,164	-	418,164
	<u>5,509,021</u>	<u>418,164</u>	<u>-</u>	<u>5,927,185</u>
DEPRECIABLE				
Land improvements	3,198,421	-	23,468	3,174,953
Buildings and improvements	65,785,175	-	364,000	65,421,175
Technology equipment	4,349,481	338,633	-	4,688,114
Vehicles	5,097,399	31,680	-	5,129,079
General equipment	2,177,714	-	3,700	2,174,014
	<u>80,608,190</u>	<u>370,313</u>	<u>391,168</u>	<u>80,587,335</u>
<u>Totals at historical cost</u>	<u>86,117,211</u>	<u>788,477</u>	<u>391,168</u>	<u>86,514,520</u>
Less: accumulated depreciation				
Land and improvements	3,033,526	203,164	154,977	3,081,713
Buildings and improvements	18,437,989	1,112,394	190,796	19,359,587
Technology equipment	3,287,107	342,599	-	3,629,706
Vehicles	4,092,379	274,078	24,911	4,341,546
General equipment	2,107,453	141,142	131,127	2,117,468
<u>Total accumulated depreciation</u>	<u>30,958,454</u>	<u>2,073,377</u>	<u>501,811</u>	<u>32,530,020</u>
Governmental Activities				
<u>Capital Assets - Net</u>	<u>55,158,757</u>	<u>(1,284,900)</u>	<u>(110,643)</u>	<u>53,984,500</u>
<u>Business-Type Activities</u>				
Building and improvements	14,000	-	-	14,000
Technology	30,982	-	1,200	29,782
Food service and equipment	982,810	-	32,415	950,395
	<u>1,027,792</u>	<u>-</u>	<u>33,615</u>	<u>994,177</u>
Less: accumulated depreciation				
Building and improvements	3,260	940	-	4,200
Technology	19,948	2,291	-	22,239
Food service and equipment	828,665	30,113	31,649	827,129
<u>Total accumulated depreciation</u>	<u>851,873</u>	<u>33,344</u>	<u>31,649</u>	<u>853,568</u>
Business-Type Activities				
<u>Capital Assets - Net</u>	<u>175,919</u>	<u>(33,344)</u>	<u>1,966</u>	<u>140,609</u>

PERRY COUNTY SCHOOL DISTRICTNOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)June 30, 2015NOTE E – CAPITAL ASSETS (continued)

Depreciation expense was allocated to governmental functions as follows:

Instruction	1,747,716
Plant operation and management	76,493
Student transportation	<u>249,168</u>
<u>Total</u>	<u><u>2,073,377</u></u>

NOTE F – COMMITMENTS UNDER NONCAPITALIZED LEASES

Commitments under operating lease agreements for equipment provide the minimum future rental payments as of June 30, 2015, as follows:

Year ending June 30:	
2016	225,768
2017	225,768
2018	225,768
2019	225,768
2020	<u>-</u>
Total Minimum Rentals	<u><u>903,072</u></u>

NOTE G – RETIREMENT PLANS

Kentucky Teachers Retirement System:

Pension Plan

Plan Description – The Perry County School District contributes to the Teachers' Retirement System of Kentucky (KTRS), a cost-sharing, multiple employer defined benefit pension plan. KTRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems and other public educational agencies in Kentucky. KTRS requires that members of KTRS occupy a position requiring either a four (4) year college degree or certification by KY Department of Education (KDE). Job classifications that permit experience to substitute for either of these requirements do not participate in KTRS.

KTRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statutes (KRS). KTRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report can be obtained by writing to Kentucky Teachers' Retirement System, 479 Versailles Road, Frankfort, Kentucky 40601 or from the KTRS web site at <http://ktrs.ky.gov/>.

PERRY COUNTY SCHOOL DISTRICTNOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)June 30, 2015**NOTE G – RETIREMENT PLANS (continued)**

Funding Policy – Contribution rates are established by KRS. Members are required to contribute 12.105% of their salaries to KTRS. The Commonwealth of Kentucky is required to contribute 13.105% of salaries for members before July 1, 2008 and 14.105% of salaries for members after July 1, 2008. The federal program for any salaries paid by that program pays the matching contribution of 15.355%.

Medical Insurance Plan

Plan Description – In addition to the pension benefits described above, Kentucky Revised Statute 161.675 requires KTRS to provide post-retirement healthcare benefits to eligible members and dependents. The KTRS Medical insurance benefits is a cost-sharing multiple employer defined benefit plan. Changes made to the medical plan may be made by the KTRS Board of Trustees, the Kentucky Department of Employee insurance and the General Assembly.

To be eligible for medical benefits, the member must have retired either for service or disability. The KTRS Medical Insurance Fund offers coverage to members under the age of 65 through the Kentucky Employees Health Plan administered by the Kentucky Department of Employee Insurance. Once retired members and eligible spouses attain age 65 and are Medicare eligible, coverage is obtained through the KTRS Medicare Eligible Health Plan.

Funding Policy – In order to fund the post-employment healthcare benefit, active member contributions are matched by the state at .75% of members' gross salaries. Member contributions are 2.25% of salary. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan. Additionally, under the Shared Responsibility Plan, the local school district employers pay 2.25% of members' salary.

The Perry County Public School District's total payroll for the year was \$24,369,311. The payroll for employees covered under KTRS was \$17,381,809. For the year ended June 30, 2015, the Commonwealth contributed \$2,741,341 to KTRS for the benefit of its participating employees. The School District's contributions to KTRS for the year ending June 30, 2015 were \$678,517 which represents those employees covered by federal programs.

Substantially all other employees (classified personnel) are covered under the County Employee's Retirement System (CERS), a cost sharing, multiple-employer, public employers retirement system. Funding for the plan is provided through payroll withholdings of 5.00% except for new hires on or after September 1, 2008 with payroll withholding of 6.00% and a district contribution of 17.67% of the employee's total compensation subject to contributions. Total payroll for employees covered under CERS was \$6,254,810.

PERRY COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

NOTE G – RETIREMENT PLANS (continued)

The contribution requirement for CERS for the year ended June 30, 2015 was \$1,459,256, which consisted of \$1,079,458 from the District and \$379,798 from the employees.

Following is a summary of benefit contributions paid by the District on-behalf of the employees for the past three years:

Year Ended <u>June 30,</u>	<u>Teacher's Retirement</u>		<u>County Retirement</u>
	<u>District</u>	<u>State</u>	
2015	678,517	2,741,341	1,079,458
2014	570,183	2,046,608	1,089,049
2013	550,990	2,122,733	1,109,905

Benefits under both plans will vary based on final compensation, years of service, and other factors as fully described in the plan documents.

The “pension benefit obligation” is a standardized disclosure measure of the present value of pension benefits which is adjusted for the effects of projected salary increases and step-rate benefits that are estimated to be payable in the future as a result of employee service to-date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the pensions’ funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due and make comparisons among the plans and employers.

The following table presents certain information regarding the plans’ status as a whole, derived from actuarial valuations performed as of June 30, 2014:

	<u>Actuarial Value of Assets</u>	<u>Entry Age Normal</u>	<u>Liabilities (UAAL)</u>	<u>% Funded</u>	<u>Covered Payroll</u>	<u>Covered Payroll</u>
County Employee Retirement System (non-hazardous)	6,117.1	9,772.5	3,655.4	62.6	2,272.3	160.9
Teacher's Retirement System of Kentucky	16,174.1	30,184.4	14,010.2	53.6	3,486.3	401.9

Historical trend information showing KTRS’s and CERS’s progress in accumulating sufficient assets to pay benefits when due is presented in their June 30, 2014 comprehensive annual financial reports.

PERRY COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

NOTE G – RETIREMENT PLANS (continued)

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions:

At June 30, 2015, Perry County School District reported a net pension liability of \$116,329,487 from its participation in the KTRS plan and \$8,081,000 from its participation in the CERS plan. The liabilities were measured at June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2015 the District's liability proportion was .5661% for KTRS and .2491% for CERS. This is the first year the District recognized a liability, therefore, no increase (decrease) of prior year portions are available. The District has recognized the entire liability in its governmental funds determining proprietary funds would be unavailable to cover any future pension liability.

For the year ended June 30, 2015, the District's government-wide financial statements reported KTRS pension expense of \$5,700,381 and CERS pension expense of \$647,000. For the year ended June 30, 2015 the District recognized deferred outflows of resources, KTRS, \$2,741,431; CERS, \$1,079,458 and deferred inflows of resources, KTRS, \$8,443,715; CERS, \$902,000.

Significant assumptions used in the KTRS valuation were as follows:

- Valuation date, June 30, 2013
- Prior measurement date, June 30, 2013
- Measurement date, June 30, 2014
- Reporting date, June 30, 2015
- Long-term expected rate of return – 7.5%
- Plan's fiduciary net position anticipated depletion date – 2036
- Inflation rate – 3.5%
- Salary increases – 4.00% to 8.20%
- Mortality rates – based on RP-2000 combined mortality table

Significant assumptions used in the CERS valuation for its non-hazardous members were as follows:

- Valuation date, June 30, 2014
- Investment rate of return – 7.75%
- Salary increases – 4.75% - 13.0%

The actuarial assumptions used in the June 30, 2013 KTRS valuation were based on the results of an actuarial experience study for the period July 1, 2005-June 30, 2010 adopted by the Board on December 19, 2011. For CERS – were based on actuarial experience study prepared of June 30, 2008 and adopted by the Board on August 20, 2009.

PERRY COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

NOTE G – RETIREMENT PLANS (continued)

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of KTRS and CERS target asset allocation of arithmetic real rates of return for each major asset class, as provided by KTRS and CERS' investment consultant, are summarized below:

<u>Asset Class</u>	<u>KTRS</u> <u>Target</u> <u>Allocation</u>	<u>Long-term</u> <u>Expected</u> <u>Real Rate</u> <u>of Return</u>	<u>CERS</u> <u>Target</u> <u>Allocation</u>	<u>Long-term</u> <u>Expected</u> <u>Nominal</u> <u>Return</u>
U.S. Equity	45.0%	6.4%	30.0%	8.5%
Non U.S. Equity	17.0%	6.5%	22.0%	8.9%
Emerging Market Equity	0.0%	0.0%	5.0%	10.5%
Private Equity			7.0%	11.3%
Fixed Income	24.0%	1.6%		
Core US Fixed Income			10.0%	5.3%
High Yield US Fixed Income			5.0%	7.3%
Non US Fixed Income			5.0%	5.5%
High Yield Bonds	4.0%	3.1%		
Real Estate	4.0%	5.8%	5.0%	7.0%
Alternatives	4.0%	6.8%		
Commodities			5.0%	7.8%
TIPS (Treasury Inflated Protected Securities)			5.0%	5.0%
Cash	2.0%	1.5%	1.0%	3.3%
	100.0%		100.0%	

The discount rate for KTRS used to measure the total pension liability was 5.23%, considered a change in actuarial assumptions under GASB 68. The KTRS District net pension liability at a 1% < and 1% > return would be \$146,125,307 and \$91,739,760, respectively. The discount rate for CERS used to measure the total pension liability was 7.75%, considered a change in actuarial assumptions under GASB 68.

Information regarding the District's proportionate share is found in required supplemental information.

NOTE H – CONTINGENCIES

The District receives funding from federal, state, and local government agencies and private contributions. These funds are to be used for designated purposes only. For government agency grants, if the grantor's review indicates that the funds have not been used for the intended purpose, the grantors may request a refund of monies advanced or refuse to reimburse the District for its disbursements. The amount of such future refunds and unreimbursed disbursements, if any, is not expected to be significant. Continuation of the District's grant programs is predicated upon the grantors' satisfaction that the funds provided are being spent as intended and the grantors' intent to continue their programs.

PERRY COUNTY SCHOOL DISTRICTNOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)June 30, 2015

The District was notified Kentucky School Board Insurance Trust dissolved fiscal year 2013. As a result, penalty payments to local participating Districts based on past premiums or past claims were required. The District's liability to the KSBIT Workers' Compensation Fund was \$224,293. The District paid \$56,073 of this balance in August 2014 and chose to pay the remaining balance of \$168,220 in six installments equal to 12.5% of the assessment, the first additional installment payment due on August 15, 2015, and the remaining installments due on each August 15 thereafter. The amount of the liability is recorded in the government wide financial statements. A liability is not reflected in the fund financial statements in accordance with GASB Interpretation No. 6, as governmental funds follow the current financial resources measurement focus (modified accrual basis of accounting).

The District received a letter from Internal Revenue Service in early 2014 indicating a penalty assessment for failure to electronically transmitting employer W-2 information in a timely manner for 2012. The total amount of the assessment is \$58,920. Management has responded twice requesting abatement of the entire amount. At report date, the issue has not been resolved. However, management believes the amount can be abated and a liability has not been posted to the financial statements or funds specifically set aside.

NOTE I – INSURANCE AND RELATED ACTIVITIES

The District is exposed to various forms of loss of assets associated with the risks of fire, personal liability, theft, vehicular accidents, errors and omissions, fiduciary responsibility, etc. Each of these risk areas are covered through the purchase of commercial insurance. The District has purchased certain policies which are retrospectively rated which includes worker's compensation insurance.

NOTE J – LITIGATION

The District is subject to legal actions in various stages of litigation, the outcome of which is not determinable at this time. Management of the District and its legal counsel do not anticipate a material effect on the combined financial statements as a result of threatened, pending or ongoing litigation.

NOTE K – RISK MANAGEMENT

The District continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

PERRY COUNTY SCHOOL DISTRICTNOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)June 30, 2015NOTE L – DEFICIT OPERATING/FUND BALANCES

The following funds had deficit balances at June 30, 2015:

NONE

The following funds had operating expenditures in excess of revenues at June 30, 2015:

Perry Co Central HS Activity Fund	9,637
Buckhorn School Activity Fund	9,621
AB Combs Elementary Activity Fund	2,718
Chavies Elementary Activity Fund	11,658
East Perry Elementary Activity Fund	24,057
Robinson Elementary Activity Fund	780
Viper Elementary Activity Fund	2,590
Willard Elementary Activity Fund	10,575

NOTE M – COBRA

Under COBRA, employers are mandated to notify terminated employees of available continuing insurance coverage. Failure to comply with this requirement may put the school District at risk for a substantial loss (contingency).

NOTE N – TRANSFER OF FUNDS

The following transfers were made during the year:

-	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General Fund	Special Revenue	KETS	85,594
Special Revenue	General Fund	Indirect Cost	740
General Fund	School Food Service	Outstanding Charges	9,044
School Food Service	General Fund	Indirect Cost	28,352
Capital Outlay	Construction Fund	Wooton demolition project	123,452
General Fund	Special Revenue	Community Education	5,000
FSPK Fund	Debt Service	Debt retirement	<u>1,561,604</u>
		Total	<u>1,813,786</u>

NOTE O – INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2015 were \$-0-.

PERRY COUNTY SCHOOL DISTRICTNOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)June 30, 2015NOTE P – ANNUAL FINANCIAL REPORT DIFFERENCES

The following is a reconciliation of the June 30, 2015, fund balances/net position originally reported by the Board to the Kentucky Department of Education with that shown in the accompanying fund financial statements:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>FSPK Fund</u>	<u>Construction Fund</u>	<u>School Food Service Fund</u>	<u>Day Care Fund</u>
Fund Balance/Net Position as reported to the Department of Education	3,327,446	-	4,665,458	20,213	1,588,847	4,190
Adjustment to Fund Balance/Net Position						
(1) To reclassify cash	(95,099)	-	123,452	-	(28,353)	-
(2) To record adjustments to accounts/grants receivable	159,107	358,857	-	-	108,730	-
(3) To record adjustments to accounts payable	(100,313)	(6,796)	-	(1,250)	8,819	-
(4) To adjust inventory	-	-	-	-	(14,762)	-
(5) To record deferred revenue	-	(352,061)	-	-	-	-
(6) To record net fixed assets	-	-	-	-	140,609	-
Fund Balance/Net Position per fund financial statements at June 30, 2015	<u>3,291,141</u>	<u>-</u>	<u>4,788,910</u>	<u>18,963</u>	<u>1,803,890</u>	<u>4,190</u>

NOTE Q – ON-BEHALF PAYMENTS

The following payments made by the state on behalf of employees of the District and for the benefit of the District are recognized in the government-wide financial statements as additional revenue and expenditures for the year ended June 30, 2015:

Kentucky Teacher's Retirement System	2,741,341
Health Insurance	4,219,373
Life Insurance	8,318
Administrative Fees	57,000
Health Reimbursement Account	279,832
Technology	81,109
Debt Service	1,042,088
Less: Federal Reimbursement	<u>(431,019)</u>
Total	<u>7,998,042</u>

PERRY COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

NOTE Q – ON-BEHALF PAYMENTS (Continued)

Payments are allocated among the following funds:

General Fund	6,750,402
Debt Service	1,042,088
Food Service Fund	<u>205,552</u>
 Total	 <u><u>7,998,042</u></u>

NOTE R – FUND BALANCE REPORTING

The District implemented Governmental Accounting Standards Board No. 54, Fund Balance Reporting and Governmental Fund Type Definitions effective for the fiscal year ended June 30, 2011. This standard clarifies existing governmental fund type definitions and establishes fund balance classifications based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Classifications include *nonspendable*, examples being prepaid items and inventory, and the following spendable fund balances - *restricted* – fund balances that are constrained by external parties, constitutional provisions or enabling legislation, *committed* – fund balances that contain self-imposed constraints of the government from its highest level of decision making authority, *assigned* – fund balances that contain self-imposed constraints of the government to be used for a particular purpose and *unassigned* – fund balance of the general fund that is not constrained for any particular purpose. The standard affects fund balance reporting only and do not affect government-wide or proprietary fund financial statements.

The following schedule reflects governmental fund balances at June 30, 2015:

	<u>General Fund</u>	<u>Construction Fund</u>	<u>FSPK Fund</u>	<u>Total</u>
Fund balances				
Restricted for SFCC Escrow - prior	-	-	2,977,107	2,977,107
Restricted for SFCC Escrow - current	-	-	1,811,803	1,811,803
Restricted for future construction	-	18,953	-	18,953
Restricted for sick leave	162,617	-	-	162,617
Assigned purchase obligations	49,355	-	-	49,355
Unassigned fund balance	<u>3,079,169</u>	<u>-</u>	<u>-</u>	<u>3,079,169</u>
 <u>Total</u>	 <u><u>3,291,141</u></u>	 <u><u>18,953</u></u>	 <u><u>4,788,910</u></u>	 <u><u>8,099,004</u></u>

The District's budget by State law must have a minimum 2% contingency. However, a separate contingency reserve fund has not been established. The District's Statement of Net Position reflects a reserve for fixed assets and school food service inventory.

PERRY COUNTY SCHOOL DISTRICTNOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)June 30, 2015NOTE S – RESTATEMENT OF GOVERNMENT WIDE BEGINNING NET POSITION

The District's net decrease in net position was due to implementation of GASB 68. The total amount recognized \$127,408,820, represents KTRS net pension liability at July 1, 2014, \$119,072,820; and, CERS net pension liability at July 1, 2014, \$8,336,000.

PERRY COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND

For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>			<u>Favorable (Unfavorable)</u>
Revenues:	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
From local sources:				
Taxes	7,471,518	7,666,387	8,286,991	620,604
Earnings on investments	125,000	125,000	90,466	(34,534)
Other local revenue	7,100	7,100	48,483	41,383
Intergovernmental - state	22,888,547	23,493,746	24,077,397	583,651
Intergovernmental - indirect federal	25,000	25,000	181,723	156,723
 <u>Total revenues</u>	 <u>30,517,165</u>	 <u>31,317,233</u>	 <u>32,685,060</u>	 <u>1,367,827</u>
 Expenditures:				
Instructional	19,318,336	19,177,947	18,745,752	432,195
Student support services	1,752,232	1,762,353	1,752,739	9,614
Staff support services	761,579	759,974	961,986	(202,012)
District administration	826,197	886,988	923,779	(36,791)
School administration	2,158,969	2,187,879	2,156,430	31,449
Business support	954,738	948,510	961,960	(13,450)
Plant operations and management	3,659,370	3,651,357	3,771,505	(120,148)
Student transportation	2,392,629	2,374,613	2,577,158	(202,545)
Food service operations	600	600	132	468
Community service activities	3,522	3,512	5,956	(2,444)
Debt service and miscellaneous	-	-	230,464	(230,464)
Contingencies	1,447,798	2,219,207	-	2,219,207
 <u>Total expenditures</u>	 <u>33,275,970</u>	 <u>33,972,940</u>	 <u>32,087,861</u>	 <u>1,885,079</u>
 Excess (deficit) of revenues over expenditures	 <u>(2,758,805)</u>	 <u>(2,655,707)</u>	 <u>597,199</u>	 <u>3,252,906</u>
 Other financing sources (uses):				
Operating transfers in	22,510	22,471	29,092	6,621
Operating transfers out	(60,000)	(60,000)	(99,638)	(39,638)
Gains/losses on assets	-	-	6,784	6,784
 <u>Total other financing sources (uses)</u>	 <u>(37,490)</u>	 <u>(37,529)</u>	 <u>(63,762)</u>	 <u>(26,233)</u>
 Excess (deficit) of revenue and other financing sources over expenditures/other financing uses	 <u>(2,796,295)</u>	 <u>(2,693,236)</u>	 <u>533,437</u>	 <u>3,226,673</u>
 Fund balance - July 1, 2014	 <u>2,796,295</u>	 <u>2,693,236</u>	 <u>2,595,087</u>	 <u>(98,149)</u>
 Fund balance - June 30, 2015	 <u>-</u>	 <u>-</u>	 <u>3,128,524</u>	 <u>3,128,524</u>

- Ending fund balance represents unassigned fund balance at June 30, 2015 without regard to the District's restriction for sick leave in the amount of \$162,617.

See notes to financial statements and independent auditor's report.

PERRY COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL – SPECIAL REVENUE FUNDS

For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>			Variance
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Revenues:				
From local sources	9,000	37,000	186,764	149,764
Intergovernmental - state	1,890,444	2,302,734	2,364,624	61,890
Intergovernmental - direct federal	244,335	244,335	101,928	(142,407)
Intergovernmental - indirect federal	4,417,123	4,860,804	4,231,130	(629,674)
<u>Total revenues</u>	<u>6,560,902</u>	<u>7,444,873</u>	<u>6,884,446</u>	<u>(560,427)</u>
Expenditures:				
Instructional	4,640,961	5,343,400	4,969,383	374,017
Student support services	28,877	35,740	33,665	2,075
Staff support services	1,325,658	1,396,335	1,259,304	137,031
District administration support services	-	-	1,621	(1,621)
Business support services	13,942	13,942	286	13,656
Plant operations and maintenance	37,391	47,099	34,868	12,231
Student transportation	86,693	146,333	146,684	(351)
Food service operation	-	-	27,445	(27,445)
Community service activities	485,870	520,553	514,109	6,444
<u>Total expenditures</u>	<u>6,619,392</u>	<u>7,503,402</u>	<u>6,987,365</u>	<u>516,037</u>
Excess (deficit) of revenues over expenditures	<u>(58,490)</u>	<u>(58,529)</u>	<u>(102,919)</u>	<u>(9,630)</u>
Other financing sources (uses):				
Operating transfers in	60,000	60,000	90,594	377,709
Operating transfers out	(1,510)	(1,471)	(740)	(368,079)
Gains/losses on assets	-	-	13,065	(368,079)
<u>Total other financing sources (uses)</u>	<u>58,490</u>	<u>58,529</u>	<u>102,919</u>	<u>(358,449)</u>
Excess (deficit) of revenue and other financing sources over expenditures/other financing uses	-	-	-	-
Fund balance - July 1, 2014	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - June 30, 2015	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

See notes to financial statements and independent auditor's report.

PERRY COUNTY SCHOOL DISTRICTSCHEDULES OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
AND SCHEDULES OF EMPLOYER CONTRIBUTIONSFor the Year Ended June 30, 2015**Employer's Proportionate Share of Net Pension Liability**

	<u>2015</u>	
	<u>KTRS</u>	<u>CERS</u>
Employer's proportion of the net pension liability	0.5661%	0.2491%
Employer's proportionate share of the net pension liability	116,329,487	8,081,000
Employer's covered employee payroll	17,381,809	6,254,810
Employer's proportionate share of the net pension liability as a percentage of its covered employee payroll	669%	129%
Plan fiduciary net position as a percentage of the total pension liability	62.6%	53.6%

Employer's Contributions

	<u>2015</u>	
	<u>KTRS</u>	<u>CERS</u>
Contractually required contribution	3,419,858	1,079,458
Contributions in relation to the contractually required contribution	3,419,858	1,079,458
Contribution deficiency (excess)	-	-
District's covered employee payroll	17,381,809	6,254,810
Contributions as a percentage of covered employee payroll	19.67%	17.26%

See notes to financial statements and independent auditor's report.

PERRY COUNTY SCHOOL DISTRICTCOMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDSFor the Year Ended June 30, 2015

	<u>SEEK Capital Outlay Fund</u>	<u>Construction Fund</u>	<u>Debt Service Funds</u>	<u>Total</u>
Assets:				
Cash and cash equivalents	-	47,619	-	47,619
Accounts receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>-</u>	<u>47,619</u>	<u>-</u>	<u>47,619</u>
Liabilities and fund balances:				
Liabilities:				
Accounts payable	<u>-</u>	<u>28,666</u>	<u>-</u>	<u>28,666</u>
Fund balances:				
Restricted for future constrution	-	18,953	-	18,953
Unassigned fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>-</u>	<u>18,953</u>	<u>-</u>	<u>18,953</u>
Total liabilities and fund balances	<u>-</u>	<u>47,619</u>	<u>-</u>	<u>47,619</u>

See independent auditor's report.

PERRY COUNTY SCHOOL DISTRICTCOMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDSFor the Year Ended June 30, 2015

	SEEK Capital Outlay <u>Fund</u>	Construction <u>Fund</u>	Debt Service <u>Funds</u>	<u>Total</u>
Revenues:				
Intergovernmental - State	<u>359,092</u>	<u>-</u>	<u>1,042,088</u>	<u>1,401,180</u>
<u>Total revenues</u>	<u>359,092</u>	<u>-</u>	<u>1,042,088</u>	<u>1,401,180</u>
Expenditures:				
Plant Operation and Maintenance	235,640	-	-	235,640
Facilities Acquisition and Construction	-	529,494	-	529,494
Debt service:				
Principal	-	-	1,953,275	1,953,275
Interest	<u>-</u>	<u>-</u>	<u>650,417</u>	<u>650,417</u>
<u>Total expenditures</u>	<u>235,640</u>	<u>529,494</u>	<u>2,603,692</u>	<u>3,368,826</u>
Excess (deficit) of revenues over expenditures	<u>123,452</u>	<u>(529,494)</u>	<u>(1,561,604)</u>	<u>(1,967,646)</u>
Other financing sources (uses):				
Operating transfers in	-	123,452	1,561,604	1,685,056
Operating transfers out	<u>(123,452)</u>	<u>-</u>	<u>-</u>	<u>(123,452)</u>
<u>Total other financing sources (uses)</u>	<u>(123,452)</u>	<u>123,452</u>	<u>1,561,604</u>	<u>1,561,604</u>
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses	-	(406,042)	-	(406,042)
Fund balance, July 1, 2014	<u>-</u>	<u>424,995</u>	<u>-</u>	<u>424,995</u>
Fund balance, June 30, 2015	<u>-</u>	<u>18,953</u>	<u>-</u>	<u>18,953</u>

See independent auditor's report.

PERRY COUNTY SCHOOL DISTRICTSTATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCEPERRY COUNTY HIGH SCHOOL ACTIVITY FUNDFor the Year Ended June 30, 2015

<u>Fund Accounts</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Excess (Deficit) of</u> <u>Revenues over Expenditures</u>		<u>Fund Balance</u> <u>July 1, 2014</u>	<u>Fund Balance</u> <u>June 30, 2015</u>
General	21,980	27,846	(5,866)		8,407	2,541
Locker	2,435	5,008	(2,573)		3,948	1,375
Lost textbooks	-	-	5362	-	1,403	1,403
Parking tags	625	320	260	305	171	476
Pepsi lounge	4,936	3,754	5622	1,182	(1)	1,181
Pepsi lobby	6,254	5,002	1,252		951	2,203
Breaktime vending	870	-	870		69	939
Donated	500	167	333		-	333
Breaktime vend lounge	369	310	59		474	533
Janitorial	1,189	1,189	-		-	-
Board travel	20,000	17,970	2,030		-	2,030
Regional soccer	4,549	4,549	-		-	-
WYMT hospitality	3,500	2,202	1,298		-	1,298
All A Classic Tourney	8,816	8,816	-		-	-
Gate receipts	24,895	26,092	(1,197)		2,117	920
Football	39,437	44,016	(4,579)		12,891	8,312
Track	9,966	7,517	2,449		1,663	4,112
Boys basketball	43,042	43,488	(446)		3,910	3,464
Girls basketball	46,118	44,380	1,738		6,020	7,758
Wrestling	13,383	9,163	4,220		4,035	8,255
Volleyball	11,546	11,831	(285)		4,378	4,093
Golf	250	254	(4)		130	126
Cross country	1,867	1,921	(54)		100	46
Baseball	18,776	18,776	-		-	-
Softball	26,951	24,879	2,072		5,928	8,000
Boys varsity cheerleaders	41,047	42,579	(1,532)		1,532	-
Tennis	1,061	1,151	(90)		94	4
Fishing team	4,128	4,127	1		-	1
Soccer	25,448	27,855	(2,407)		4,911	2,504
AP (Pre) English	3,414	3,305	109		-	109
Academics	1,800	1,341	459		516	975
Band	7,720	6,766	954		2,101	3,055
BETA	201	201	-		1	1
Business/FBLA	2,241	2,402	(161)		161	-
Chorus	4,712	4,712	-		-	-
Commodore Vault	299	300	(1)		538	537
Drama	8,704	8,173	531		121	652
FCCLA	275	204	71		445	516
FFA	3,575	3,575	-		-	-
Prayer Club	660	636	24		-	24
Guidance	555	500	55		673	728
JROTC	5,622	6,953	(1,331)		4,944	3,613
Juniors	15,713	13,246	2,467		727	3,194
Library	1,222	864	358		1,027	1,385
National art	3,755	3,727	28		36	64
Yearbook	5,708	6,858	(1,150)		8,344	7,194
Seniors	59,184	59,514	(330)		3,833	3,503
Overview tech	240	244	(4)		31	27
YSC	1,747	1,504	243		460	703
Tablets	28,148	38,156	(10,008)		15,166	5,158
Student council/pep club	120	37	83		-	83
State tournament	-	810	(810)		1,304	494
<u>Sub-totals</u>	<u>539,553</u>	<u>549,190</u>	<u>(9,637)</u>		<u>103,559</u>	<u>93,922</u>
Less: Interfund transfers	<u>48,004</u>	<u>48,004</u>	<u>-</u>		<u>-</u>	<u>-</u>
<u>Totals</u>	<u>587,557</u>	<u>597,194</u>	<u>(9,637)</u>		<u>103,559</u>	<u>93,922</u>

See independent auditor's report.

PERRY COUNTY SCHOOL DISTRICTSTATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCEBUCKHORN SCHOOL ACTIVITY FUNDFor the Year Ended June 30, 2015

<u>Fund Accounts</u>	<u>Revenues</u>	<u>Expenditures</u>	Excess (Deficit) of <u>Revenues over Expenditures</u>	<u>Fund Balance</u> <u>July 1, 2014</u>	<u>Fund Balance</u> <u>June 30, 2015</u>
General fund	27,566	29,189	(1,623)	2,874	1,251
Vending machines	2,235		2,235	1,780	4,015
Employee workroom	2,776	1,747	1,029	-	1,029
Textbook	-	983	(983)	1,061	78
High school academics	314	652	(338)	338	-
FBLA club	2,934	2,852	82	(82)	-
Baseball	16,520	17,459	(939)	-	(939)
Cross country/track	-	-	-	171	171
Elem 3th & 4th basketball	-	-	-	636	636
Elem boys basketball	3,728	3,929	(201)	1,860	1,659
Elem boys cheerleader	-	661	(661)	1,099	438
Elem girls basketball	4,951	6,089	(1,138)	3,402	2,264
H.S. boys basketball	36,475	37,503	(1,028)	789	(239)
H.S. girls basketball	18,166	15,278	2,888	-	2,888
H.S. cheerleaders	8,867	8,867	-	-	-
Volleyball	9,647	9,647	-	-	-
Soccer	1,433	1,433	-	-	-
Softball	4,087	4,680	(593)	-	(593)
JROTC	3,286	5,674	(2,388)	5,972	3,584
Library	1,000	2,410	(1,410)	2,386	976
Yearbook	-	887	(887)	887	-
Reimbursement	-	4,625	(4,625)	5,664	1,039
Family resource center	10,493	6,339	4,154	401	4,555
FRYSC Children Inc.	1,157	5,007	(3,850)	4,676	826
All A 2014-15	3,800	3,800	-	-	-
Regional Baseball	-	151	(151)	151	-
8th Grade cap and gown	575	575	-	-	-
8th Grade trip	12,185	12,323	(138)	348	210
11th Grade - Prom	1,125	2,925	(1,800)	2,880	1,080
12th Grade			-	-	-
Senior trip 2014-15	30,938	35,266	(4,328)	4,098	(230)
Guidance - records	190	721	(531)	689	158
Tablet fund	7,129	-	7,129	-	7,129
Staff incentives	6,049	5,575	474	-	474
Scholarships	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>1,000</u>	<u>1,000</u>
<u>Sub-totals</u>	219,626	229,247	(9,621)	43,080	33,459
Less: Interfund transfers	<u>14,581</u>	<u>14,581</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Totals</u>	<u>205,045</u>	<u>214,666</u>	<u>(9,621)</u>	<u>43,080</u>	<u>33,459</u>

See independent auditor's report.

PERRY COUNTY SCHOOL DISTRICTCOMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCEOTHER SCHOOL ACTIVITY FUNDSFor the Year Ended June 30, 2015

	<u>A.B. Combs Elementary</u>	<u>Chavies Elementary</u>	<u>East Perry Elementary</u>
<u>REVENUES:</u>			
Activity funds	119,624	63,982	154,228
<u>EXPENDITURES:</u>			
Activity funds	<u>122,342</u>	<u>75,640</u>	<u>178,285</u>
Excess or (deficiency) of revenues over <u>expenditures</u>	(2,718)	(11,658)	(24,057)
Fund Balance, July 1, 2014	<u>42,283</u>	<u>38,306</u>	<u>100,990</u>
Fund Balance, June 30, 2015	<u><u>39,565</u></u>	<u><u>26,648</u></u>	<u><u>76,933</u></u>

See independent auditor's report.

PERRY COUNTY SCHOOL DISTRICTCOMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCEOTHER SCHOOL ACTIVITY FUNDSFor the Year Ended June 30, 2015

<u>Leatherwood Elementary</u>	<u>Robinson Elementary</u>	<u>R.W. Combs Elementary</u>	<u>Viper Elementary</u>	<u>Willard Elementary</u>	<u>Total (Memorandum Only)</u>
86,824	76,728	109,157	100,040	73,875	784,458
<u>82,620</u>	<u>77,508</u>	<u>107,892</u>	<u>102,630</u>	<u>84,450</u>	<u>831,367</u>
4,204	(780)	1,265	(2,590)	(10,575)	(46,909)
<u>9,000</u>	<u>27,043</u>	<u>48,971</u>	<u>30,935</u>	<u>18,656</u>	<u>316,184</u>
<u>13,204</u>	<u>26,263</u>	<u>50,236</u>	<u>28,345</u>	<u>8,081</u>	<u>269,275</u>

See independent auditor's report.

PERRY COUNTY SCHOOL DISTRICTSCHEDULE OF EXPENDITURES OF FEDERAL AWARDSFor the Year Ended June 30, 2015

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantors Number</u>	<u>Program Award Amount</u>	<u>Program Expenditures</u>
<u>U. S. Department of Agriculture</u>				
Passed through State Department of Education:				
- <i>Child Nutrition Cluster</i> -				
School Breakfast Program	10.553	7760005 14	N/A	214,248
	10.553	7760005 15	N/A	<u>550,915</u>
				<u>765,163</u>
School Lunch Program	10.555	7750002 14	N/A	469,112
	10.555	7750002 15	N/A	<u>1,455,125</u>
				<u>1,924,237</u>
Summer Food Service Program for Children	10.559	7690023 14	N/A	131,501
	10.559	7690024 14	N/A	<u>13,640</u>
				<u>145,141</u>
Passed through State Department of Agriculture:				
National School Lunch Program	10.555	097-0100	N/A	<u>146,160</u>
<u>Total Child Nutrition Cluster</u>				<u>2,980,701</u>
Passed through State Department of Education:				
Fruit and Vegetable Program	10.582	7720012 14	N/A	27,155
	10.582	7720012.15	N/A	<u>106,549</u>
				<u>133,704</u>
Child and Adult Care Food Program (CACFP)	10.558	7790021.14	N/A	78,110
	10.558	7790021.15	N/A	293,265
	10.558	7800016.13	N/A	24,356
	10.558	7800016.14	N/A	<u>6,457</u>
				<u>402,188</u>
Farm to School Grant Program	10.575	2334	N/A	<u>24,779</u>
Passed through Perry County Fiscal Court				
Schools and Roads Grant to States	10.665	505X	N/A	<u>726</u>
<u>Total U.S. Department of Agriculture</u>				<u>3,542,098</u>

See independent auditor's report.

PERRY COUNTY SCHOOL DISTRICTSCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)For the Year Ended June 30, 2015

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantors Number</u>	<u>Program Award Amount</u>	<u>Program Expenditures</u>
<u>U. S. Department of Education</u>				
Passed through State Department of Education:				
- <i>Title I Cluster</i> -				
Title I	84.010	310A	2,137,665	1,885,033
	84.010	3104	2,249,466	449,800
Title I School Improvement	84.010	320A	445,095	135,829
	84.010	3204	50,000	10,809
<u>Total Title I Cluster</u>				<u>2,481,471</u>
- <i>Special Education Cluster</i> -				
IDEA - B Basic	84.027	3374	924,626	247,251
	84.027	3373	988,901	188
	84.027	337A	943,429	463,061
IDEA -B Preschool	84.173	3434	74,775	36,846
	84.173	343A	74,775	54,725
				<u>802,071</u>
Vocational Education - Basic	84.048	348A	44,673	38,875
	84.048	3484A	1,761	1,761
				<u>40,636</u>
Rural and Low Income School Program	84.358	3503	78,945	9,237
	84.358	3504	72,743	53,587
				<u>62,824</u>
Teacher Quality Grant	84.367	401A	364,348	330,082
	84.367	4014	363,513	28,595
				<u>358,677</u>
Race to the Top	84.413A	4521	100,301	<u>42,597</u>
Passed through Kentucky Community & Technical College:				
GEAR-UP	84.334A	3792G	390,668	72
	84.334A	379AG	280,000	249,705
	84.334A	3794G	280,000	45,583
	84.334A	379AA	325,300	210,590
	84.334A	3794A	325,300	19,133
	84.334A	3793A	382,300	6,492
	84.334A	379AC	110,000	52,092
	84.334A	379AP	50,000	47,029
				<u>630,696</u>
<u>Total Department of Education</u>				<u>4,418,972</u>
<u>US Department of Defense</u>				
Direct				
JROTC	12.000	504A	244,335	<u>101,929</u>
<u>Total Federal Awards Expended</u>				<u>8,062,999</u>

See independent auditor's report.

PERRY COUNTY SCHOOL DISTRICTSCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)For the Year Ended June 30, 2015**NOTE A – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Perry County School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of the basic financial statements.

NOTE B – FOOD DISTRIBUTION

Noncash assistance \$146,160, is reported in the schedule at the fair value of the food donations disbursed.

Chris Gooch

Certified Public Accountant
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chrisgooch@chrisgoochcpa.com

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

State Committee for School District Audits
Members of Perry County Board of Education
Hazard, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the audit requirements prescribed by the State Committee for School District Audits in the Kentucky Public School Districts Audit Contract Requirements, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Perry County School District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Perry County School District's basic financial statements, and have issued our report thereon dated November 4, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Perry County School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Perry County School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Perry County School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Perry County School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Perry County School District, in a separate letter dated November 4, 2015. In addition, the results of our tests disclosed no instances of material noncompliance of specific state statutes or regulations identified in Kentucky Public School District's Audit Contract and Requirements – State Compliance Requirements.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink, appearing to read "Chris Gooch".

Chris Gooch
Certified Public Accountant

Hazard, Kentucky

November 4, 2015

Chris Gooch
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

State Committee for School District Audits
Members of Perry County Board of Education
Hazard, Kentucky

Report on Compliance for Each Major Federal Program

We have audited Perry County School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Perry County School District's major federal programs for the year ended June 30, 2015. Perry County School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Perry County School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the audit requirements prescribed by the State Committee for School District Audits in the Kentucky Public School District's Audit Contract Requirements. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Perry County School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Perry County School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Perry County School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control over Compliance

Management of Perry County School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Perry County School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Perry County School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Chris Gooch
Certified Public Accountant

Hazard, Kentucky

November 4, 2015

PERRY COUNTY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2015

- FINDING RELATED TO THE FINANCIAL STATEMENTS -

None

- FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS -

None

PERRY COUNTY SCHOOL DISTRICTSCHEDULE OF FINDINGS AND QUESTIONED COSTSFor the Year Ended June 30, 2015- SUMMARY OF AUDIT RESULTS -

1. We have issued an unmodified opinion on the financial statements.
2. No material weakness or significant deficiency not identified as a material weakness was disclosed by the audit of the financial statements.
3. No material noncompliance was disclosed in our audit of the financial statements.
4. No material weakness or significant deficiency not identified as a material weakness was disclosed by the audit in internal control over major programs.
5. We have issued an unmodified opinion on compliance for major programs.
6. The audit did not disclose any audit findings which we are required to report under Section .510(a) of A-133.
7. Perry County School District had the following major programs:

U. S. Department of Education

Passed through State Department of Education:

Title I CFDA number 84.010

Teacher Quality Grants CFDA number 84.367

- Special Education Cluster -

IDEA-B Basic

CFDA number 84.027

IDEA-B Preschool

CFDA number 84.173

Passed through Kentucky Community & Technical College

GEAR-UP CFDA number 84.334A

U.S. Department of Agriculture

- Passed through State Departments of Education and Agriculture -

- Child Nutrition Cluster -

School Lunch and Breakfast Program, Summer Food Service Program
for Children

CFDA numbers 10.553, 10.555 & 10.559

Child and Adult Care Feed Program, CFDA number 10.558

8. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
9. The auditee qualified as a low-risk auditee.

PERRY COUNTY SCHOOL DISTRICTSCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)For the Year Ended June 30, 2015

- FINDING RELATED TO THE FINANCIAL STATEMENTS -

None

- FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS -

None

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Perry County Board of Education
and Management
Hazard, Kentucky

In planning and performing our audit of the financial statements of Perry County School District for the year ended June 30, 2015, we considered the District's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operation efficiency. The memorandum that accompanies this letter summarized our comments and suggestions regarding those matters. A separate report dated November 4, 2015, contains our report on significant deficiencies and material weaknesses in the District's internal control structure. This letter does not affect our report dated November 4, 2015 on the financial statements of the Perry County School District.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various District personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Respectfully,

A handwritten signature in blue ink, appearing to read "Chris Gooch", with a long horizontal flourish extending to the right.

Chris Gooch
Certified Public Accountant

Hazard, Kentucky

November 4, 2015

PERRY COUNTY SCHOOL DISTRICT

MANAGEMENT LETTER COMMENTS

For the Year Ended June 30, 2015

Prior Year Comments

1. District personnel should determine if Fund 51 is properly allocated its share of indirect expenses related to plant and utility costs. Management is monitoring on a periodic basis to assure actual costs are consistent with the indirect cost base.
2. Assure any gift cards are properly documented as to recipient – no itemized listing retained for Wal-Mart gift cards purchased by Chavies Elementary totaling \$800. We noted no gift card transactions for this school activity fund during our current year audit.

Current Year Comments

1. The District should periodically examine a sample of personnel deductions for reasonableness and document its review.
2. The District should continue to monitor activity funds expenditures as it relates to the nature of the transaction. We noted tools and supplies acquired, \$668.53, Lowes, directly from an activity fund account at Perry County Central High School. We noted a professional development expenditure paid directly out of Robinson Elementary Activity Fund, \$1,000, without indication of reimbursement by the General Fund.
3. School food service purchased \$550 in prepaid i-tune cards and various prizes without documenting who received the item and the school related purpose.
4. School purchasing and accounts payable should assure documents on file indicate disbursements are paid from itemized receipts rather than vendor statements.
5. Gift cards were purchased out of the General Fund account from Food City without indication of recipient or school purpose.
6. Noted two instances the District overpaid vendors by remitting prior balances listed on statements previously paid. The District was credited and/or refunded in both instances.